

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB1034

House of Origin	<input type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input checked="" type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Byron

3. Committee: Senate Committee on General Laws and Technology

4. Title: **Eliminate the Information Technology Investment Board and establish the Information Technology Advisory Council.**

5. Summary: The substitute bill, as did the introduced bill, contains substantive changes to information technology governance in the Commonwealth as well as numerous technical changes.

The substitute bill eliminates the Information Technology Investment Board (ITIB) and replaces it with the Information Technology Advisory Council (ITAC), which is established as a policy council under the Governor with the power and duty to advise the Chief Information Officer (CIO) on: (i) development of all major information technology projects; (ii) strategies and standards regarding state agency use of information technology; and (iii) the development of enterprise applications, application budgets, and infrastructure expenditures. The ITAC also reviews statewide technical and data standards. The ITAC is composed of 10 agency representatives appointed by the Governor from each Cabinet Secretary, the Secretary of Technology (SOTech), the CIO, and no more than two citizens to be appointed by the Governor. The Secretary of Technology serves as chair and the CIO as vice chair. ITAC costs for compensation and expenses are to be funded by Virginia Information Technologies Agency (VITA).

The substitute bill requires the SOTech, in addition to existing duties, to develop criteria defining a "major information technology project" and, upon recommendation of the CIO, approve the procurement of such projects. The SOTech also has the power and duty to approve the statewide four-year strategic plan developed by the CIO. The SOTech is also required to review and approve statewide technical and data standards for information technology and related systems, including the utilization of nationally recognized technical and data standards for health information technology systems or software purchased by a state agency, as recommended by the CIO.

The substitute bill grants the Governor the power to appoint the CIO, who shall serve as the head of the VITA. The CIO reports to the Secretary of Technology and is responsible, through his role as head of VITA, for planning, developing, and procuring enterprise applications and infrastructure services. The CIO is also responsible for planning, developing, and soliciting contracts for major information technology projects. The CIO may enter such contracts only upon approval of the Secretary of Technology. The CIO may

suspend a major information technology project but such project may only be terminated by the Secretary of Technology.

6. Fiscal Impact Estimates: Indeterminate.

7. Budget Amendment Necessary: Yes, Item 433.

8. Fiscal Implications: As with the introduced bill, VITA does not see any substantive staffing or funding implications associated with the elimination of the ITIB (VITA is required to provide staffing to the board) and establishment of the ITAC (the bill calls for VITA to provide staffing to the council). However, the agency sees potential fiscal impact to their budget as the substitute bill proposes several new monitoring and reporting activities stemming from the repeated requirements for statewide technology standards and several new requirements related to the CIO's and VITA's reporting relationship to SOTech.

It is possible that VITA can absorb the new costs associated with this legislation, but VITA notes there are two potential exceptions:

- The first change that will increase costs stems from required modifications to VITA's ProSight system, the Commonwealth's IT investments portfolio tool, to accommodate the new reporting requirements. VITA provides a rough estimate of work at a one-time amount approaching \$25,000.
- Second, the bill assigns approval responsibilities to SOTech for solicitations, contracts, and policy that is currently reviewed and approved by the CIO. The bill adds SOTech with responsibilities to review the procurement of major IT projects, recommend and rank all procurements involving major IT projects, and terminate an IT project or related procurement. It is not known if the SOTech would want information similar to that currently required by the CIO, or if a separate set of requirements for the secretary might emerge. If the latter were to occur, VITA states that current administrative and analytical resources are not likely to be adequate and that an additional half-position in staffing, and associated funding, may be in order.

SOTech does not expect any fiscal impact beyond those expressed by VITA.

9. Specific Agency or Political Subdivisions Affected: VITA, ITIB, Secretary of Technology, Chief Information Officer.

10. Technical Amendment Necessary: None.

11. Other Comments: None.

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